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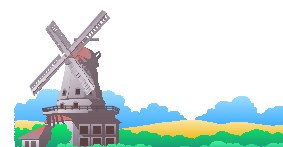
Market Brief - Product

Netherlands : The Netherlands - the Gateway to Europe

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The Hague [NL1], NL

THE NETHERLANDS - THE GATEWAY TO EUROPE



The Netherlands is the sixth largest market for U.S. agricultural products and the third largest agricultural exporter in the world. One of the most densely populated countries in the world, the Netherlands is also one of the most important vibrant trading centers in Europe. Core distribution points include Rotterdam harbor, the largest port in the world, and Schiphol Airport, the fourth largest airport in Europe. The importance of international trade for the Netherlands is underscored by the fact that more than two thirds of GDP is generated through merchandise and services trade.

The Dutch economy is one of the strongest in Europe. Fueled by strong domestic demand and increasing exports, the economy grew by a solid 3.3% during 1997. Expectations are for a 3.7% growth performance in 1998. The swine fever epidemic reduced GDP growth in 1997 by 0.3% percentage points.

In 1997, U.S. agricultural, forestry and fishery exports to the Netherlands totaled \$2.03 billion. Although bulk commodities accounted for over half of the total, exports of consumer-oriented products are growing steadily each year reaching a record \$344 million in 1997. Products registering record levels included wine, citrus juices, nursery products and pet food.

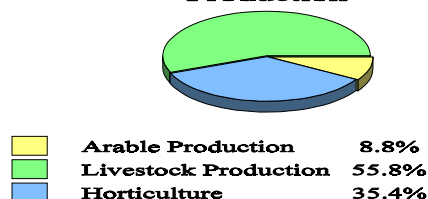
Dutch Domestic Agriculture Agricultural production in the Netherlands is some of the most intensive in the world. There are 84.6 million chickens (layers and broilers), 4.4 million cows (cattle and dairy cows), 1.4 million sheep and 11.5 million pigs, all squeezed within a land area roughly the size of Maryland. Livestock have to share this area with 15.6 million people.

Dutch Agricultural Exports Dutch agricultural exports, which account for 23% of total Dutch exports, registered \$24.3 billion in 1996. Major exports, on a value basis, were pork and live swine (\$2.3 billion), fresh vegetables (\$2 billion), cheese (\$1.95 billion), cut flowers (\$1.9 billion), beef and veal (\$1.1 billion), flower bulbs (\$600 million) and fresh seafood (\$550 million).

The EU is by far the most important export destination for Dutch agricultural products accounting for 78 percent of the total with Germany, France, Belgium, the United Kingdom and Italy being the most important individual markets. The United States accounted for 2.7 percent of Dutch agricultural exports in 1997. Beer was by far the most important Dutch export to the U.S. market (\$435 million) followed by flower bulbs, fresh vegetables (primarily tomatoes and peppers), cheese, horticultural seeds and cut flowers.

Population:	15.7 million
Land Area:	33,936 sq kilometers
1997 Per Capita GDP:	\$23,178
1997 Dutch Ag Exports:	\$42.8 billion
1997 Dutch Ag Imports:	\$24.6 billion
U.S. Share of Dutch Ag Imports:	\$2.0 billion

Gross Value of Agricultural
Production



Dairy Production With an annual production of almost 11 billion kilogrammes of milk, the Netherlands is the world's 10th largest dairy producer, accounting for 2.3% of world production. Dairy products are processed by various enterprises and cooperatives, the largest being Campina Melkunie, Coberco and Friesland Dairy Foods.

Livestock Production Within the livestock sector, pork production is by far the most important accounting for 32% of total production, on a value basis, followed by beef and veal at 14.5%, poultry at 7.7%, and eggs at 5.2%. There is an on-going consolidation in the pig sector. Over the past ten years, the number of pig-fattening farms in the Netherlands has dropped by 30% while the average number of pigs per farm has jumped 60%. Approximately 64% of Dutch pork production is exported, mostly to other EU markets.

The intensive livestock production in the Netherlands has resulted in severe environmental problems, especially manure surpluses at the farm level. Recently there has been fairly strong growth in less intensive systems with increased production of eggs and free-range pork. The growth of these systems results from a change in consumer attitude as consumers are increasingly interested in the way meat is produced. Albert Heijn, the largest supermarket chain in the Netherlands, recently announced that as of 1999, all pork sold in its stores will be produced in an "animal friendly" way.

Classical Swine Fever From February 1997 until June 1998, the Dutch agriculture sector was gripped by a severe outbreak of classical swine fever. A total of 429 farms were contaminated with the virus and almost 10 million pigs were destroyed at an estimated cost of Dfl 3.0 billion (US \$1.5 billion). In an attempt to contain the swine fever epidemic and address domestic environmental concerns, the Dutch Government announced a plan in July of 1997 to cut the country's pig population by 25%. Under the plan, pig numbers will be reduced by 10% in 1998 and another 15% in the year 2000. Farmers can earn up to 5% of the reduction by reducing phosphates on the farm rather than reducing pig numbers. The plan will mean a reduction of approximately four million pigs nationwide.

Egg and Poultry Production The Netherlands is the world's main exporter of both hatching eggs and table eggs. Annually, the Dutch poultry industry produces more than 900 million hatching eggs - almost half of which are exported - and 9 billion table eggs. In 1996, Dutch poultry processing plants produced nearly 700,000 tons of poultry meat. Some 65% of the volume is exported.

Horticultural Production Horticulture is an important component of Dutch agriculture accounting for approximately 35% of total production. The total value of Dutch horticultural production reached a record Dfl 14 billion (approximately US\$ 7 billion) in 1997. The main products are flowers, vegetables, fruit, trees and flower bulbs.

Floricultural Production Floriculture (cut flowers, bulbs and ornamental trees and plants) is an important component of Dutch agriculture accounting for approximately 20% of total agricultural production value. The sector as a whole provides 57,000 full-time jobs with 38,000 in flower production alone. Production is concentrated in a handful of areas in the west of the Netherlands. The total land area used for floriculture is about 8,000 hectares, 70% of which is greenhouse floriculture. Roughly three-quarters of the land area is used for growing cut flowers (especially roses and chrysanthemums).

Flower growers and tree nurseries had an exceptional year in 1997. The output of flowers and ornamental

plants increased by 8% in 1997 to Dfl 6.8 billion (US\$ 3.4 billion) and exports were up 10% to Dfl 7.9 billion (US\$ 3.95). (Compared to production, these figures are quite high. This is partly explained by the large proportion of Dutch trade in products grown outside the Netherlands. In fact, U.S. exports of nursery products and cut flowers have been growing in the last few years reaching a record \$35 million in 1997.)

Flower Bulb Industry Bulb growing accounts for just over 2% of Holland's total agricultural production. In 1997, a total of some 9 billion bulbs were produced. Three quarters of the total production is destined for export to over 100 countries. In 1997, Dutch bulb exports were valued at roughly \$700 million.

GlassHouse Industry The Netherlands is the largest "glasshouse" country in the world. Vegetables grown under glass account for 7.5% of the total value of agricultural production. Three quarters of this production is exported. Dutch glasshouse horticulture occupies a total surface area of 10,000 hectares, 4,200 hectares of which are in use for growing vegetables by 4,400 nurseries with an average glasshouse area of 9,00 square meters. Tomatoes (1,100 hectares), peppers (1,100 hectares) and cucumbers (800 hectares) are the major crops. Other crops include strawberries, radishes, aubergines, courgettes, lettuce, bakchoi, broccoli, chinese cabbage, catjang peas, celery, endive, spinach and snap beans.

Organic Farming Organic farming is the fastest growing sector within Dutch agriculture. However, it still accounts for less than 1 percent of Dutch farm land. Organic farmland increased from 2,700 hectares in 1986 to 14,000 hectares in 1996. The Netherlands ranks ninth in Europe in organic farming, lagging behind Austria, Italy and Germany. The Dutch Ministry of Agriculture announced a Dfl 60 million (US\$ 30 million) program to stimulate organic production in 1997. However, conversion to organic farming is difficult in the Netherlands because of the intensive nature of production and the traditionally heavy use of pesticides and herbicides.

Retail Food Sector The Dutch retail food sector is highly concentrated yet very price competitive. The top two companies together have over a 50% share of the market. Ahold's Albert Heijn supermarket chain is the market leader with a 28% market share followed by the newly merged Vendex and De Boer Unigro companies which have a 24% market share. Sales of the nation's 5,000 supermarkets reached \$22 billion in 1997, up 4.3% from the previous year. Dutch supermarkets continue to lure customers away from specialty stores and restaurants offering more fresh produce and ready-made meals. Supermarkets are also benefiting from longer store-opening hours.

Food Processing Sector The Dutch food, beverage and tobacco industry is large. It employs 145,000 people and accounts for 27% of the country's total industrial output. Total sales registered more than \$40 billion in 1996. With exports accounting for nearly half of total sales, the Netherlands is the largest exporter of foodstuffs in the European Union. Approximately half of all of the inputs used by the food processing industry are imported. Major inputs include cocoa, tobacco and soybeans. The Dutch food processing sector is led by Unilever, one of the largest companies in the world. Other major companies include Heineken, Campina Melkunie and BolsWessanen.

Updated: September 8, 1998